

By:

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CENTRAL INTELLIGENCE AGENCY

- 2 -

Current Negotiations Between USIA and Intrac G.m.b.H.

5. Another indication of Intrac's loss of prestige is seen in its current negotiations with A/O Avtovelo officials. Intrac has offered to handle on behalf of A/O Avtovelo the sale of certain so-called compensation goods in Hungary provided that it is named sole representative in both Hungary and Bulgaria of products manufactured by Avtovelo firms particularly those of Austro-Fiat. USIA officials believe Intrac officials are prepared to sign a contract and would be willing to offer them some sort of sales guarantee. But despite pressure from USIA Headquarters to push the sale of surplus raw materials and products, A/O Avtovelo officials have advised Intrac that they will not sign a contract until Intrac has completed several transactions on their behalf. It is possible that this decision may have been influenced by Smurushenkov, Shchepochko's successor as Director of USIA's Central Commercial Bureau, who recently told Pshenichnikov, director of the A/O Avtovelo Sales and Purchasing Office, that Intrac now has a bad reputation. (S)

Trade with Hungary

6. USIA Headquarters has just issued an order forbidding USIA enterprises to accept as compensation any products similar to those manufactured by USIA firms. As a result of this order, the A/O Avtovelo Department cannot accept the shot glass which Műgárt N.V., Budapest, Szefű utca 5, recently offered as payment for five Austro-Fiat trucks and an unknown number of hydraulic dump trucks. As it now stands A/O Avtovelo officials will probably have to settle for Hungarian foodstuffs if they intend to do business with Hungarian firms. (S)

Dismantling

7. The Soviets have resumed dismantling operations at the Hirtenberger Patronenfabrik plant. USIA employees have learned that several hundred machines are to be scrapped in accordance with a Moscow order which Tikhomirov received from the Hotel Imperial sometime in January 1950.

Soviet Orders

8. Jener Werkzeug- u. Werkzeugmaschinenfabrik Ing. Frank & Co. has completely overhauled and modernized 30 twist drill grinding machines which USIA received from the Soviet Union several months ago. As yet the Soviets have not accepted delivery of these machines which are now being held in a Juschmeschtrass warehouse.

Prospective USIA Customers

1. During the past three weeks A/O Avtovelo Sales and Purchasing Office has received the following offers:
 - a. Heinrich Heitz & Co., Vienna (Goldschmidgasse 10, has asked A/O Avtovelo to quote its prices in pounds sterling f.o.b. European ports of Diesel motors, narrow-gauge Diesel locomotives, winches, wiring equipment, manometers, electrical units, tools and saws. Heitz desires these commodities for shipment to the Far East.
 - b. "Ostex", Import- und Export G.m.b.H., Vienna VI, Theobaldgasse 19, has advised A/O Avtovelo that it is interested in purchasing Diesel motors for shipment to Argentina.
 - c. Dr. Schwimmer, Vienna III, Ungargasse 12/6, wishes to purchase 50 buses, trucks, and Diesel motors for trucks on behalf of the Meier Balass firm in Teheran. (7)
 - d. J. M. Proschek, Vienna IV, Brucknerstrasse 2, has informed A/O Avtovelo that he would like to be sole representative of Avtovelo products in the Western provinces of Austria.

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- 3 -

Personnel Changes in USIA Headquarters

10. P. Kabalevski has been appointed deputy to Tikhomirov, Soviet General Director of USIA. Tikhomirov's interpreter, Schapira, has been recalled to Moscow and it is reported that he will be assigned to Berlin where he will continue to work as an interpreter for USIA.
11. Following a two months' vacation in Moscow, Khotkov, Chief of USIA's Legal Department, was suddenly recalled to the USSR. Khotkov is scheduled to return to Vienna 20 June 1950 and USIA employees believe he will bring new directives from Moscow. Dr. Bagdazarov, counsellor of the Legal Department, has been transferred to Berlin.

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- (1) ~~Comment:~~ According to an unprocessed report, ~~and dated~~ the Soviets are preparing to dump large quantities of USIA products on the Austrian market in another attempt to undersell their competitors. In this connection it is also interesting to note that a usually reliable source reported 31 May 1950 that the USIA-controlled J. M. Voith has not received any Soviet orders since September 1949.

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- (3) ~~Comment:~~ Frushwald is one of six Austrians recently hired by Kitterbach & Wagner to operate its new subsidiary firm, the Austro-Iranian Trading Company in Teheran. Frau Frushwald and her colleagues have signed a two year contract and they will leave for Teheran in the very near future.

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- (4) ~~Comment:~~ It is rumored that the Light Industry and Food Industry Administrations of USIA are planning to establish in Vienna several retail stores which will serve as outlets for textiles, leather goods, and foodstuffs brought into Austria illegally, i.e. duty free from the satellites.

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- (5) ~~Comment:~~ Many Austrian businessmen are now reluctant to do business with Intrac G.m.b.H. as a result of the hostile campaign which the Vienna press has waged against this firm during recent weeks.

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- (6) ~~for a more detailed account of Aviovelo's current negotiations with various Hungarian firms.~~

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- (7) ~~Comment:~~ Dr. Schwimmer is not listed in the 1950 Handels or Industrie Compasses; however, he may be identical with ~~mentioned in~~

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